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FISCAL IMPACT STATEMENT

LS 7825

BILL NUMBER: HB 1982

NOTE PREPARED: Jan 10, 2003

BILL AMENDED:

SUBJECT: Pension Fund and University Investment Goals.

FIRST AUTHOR: Rep. Orentlicher

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes for a ten-year period goals for investment in Indiana for public pension funds and foundations or endowments of state educational institutions that decide to allocate part of their assets to venture capital investments. It allows the funds, foundations, or endowments five years to achieve the goals. The bill does not require the funds, foundations, or endowments to meet the goals if, in the exercise of financial and fiduciary prudence, the funds, foundations, or endowments determine that appropriate venture capital investments are not available in Indiana. It requires that the amount that the funds, foundations, or endowments were not able to invest in venture capital investments in Indiana not be invested in venture capital investments outside Indiana.

Effective Date: July 1, 2003.

Explanation of State Expenditures: This proposal affects the policy under which the public pension funds and foundations or endowments of state educational institutions operate. The decisions of the Boards of Trustees of the Public Employees' Retirement Fund (PERF), the Teachers' Retirement Fund (TRF), and the foundations or endowments of state educational institutions will need to fall within the parameters of the bill regarding alternative investments. The bill also limits the investment alternatives of the respective boards.

Background: The funds operate under the prudent investment standard.

IC 5-10.3-5-3(a) states : *The Board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund; the Teachers' Retirement Fund; and the foundations and endowments of state educational institutions.

Local Agencies Affected:

Information Sources: Bob Newland, Chief Investment Officer of the Teachers' Retirement Fund, 232-3868.

Fiscal Analyst: James Sperlik, 317-232-9866.